

Message Text

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USEEC

FOLLOWING REPEAT GENEVA 04009 SENT ACTION SECSTATE MAR 15.

QUOTE LIMITED OFFICIAL USE GENEVA 04009

PASS ELECTRONICALLY AGRICULTURE FOR HATHAWAY AND STR FOR
STARKEY

E.O. 11652:
TAGS: EAGR ETRD OCON
SUBJECT: WHEAT CONFERENCE - MARCH 14 MEETING OF SIX

REF.: GENEVA 3937, GENEVA 3941

1. AT MARCH 14 MEETING OF CONFERENCE EXECUTIVE COMMITTEE
CALLED BY CONFERENCE CHAIRMAN (DUNKEL) TO ASSESS STATE
OF NEGOTIATIONS, CHAIRMAN OF WHEAT SUBCOMMITTEE (VAZNAUGH)
REPORTED THAT DISCUSSIONS ON TWO OVERALL APPROACHES--
INDICATIVE CONCEPT AND SAFEGUARD CONCEPT--REVEALED
CONSIDERABLE COMMON GROUND WITH RESPECT TO RESERVE
PROVISIONS BUT BROAD DIVERGENCE ON ROLE OF PRICES AND ON
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OBLIGATIONS IN EXTREME PRICE SITUATIONS. FOLLOWING THAT
MEETING THE SIX MAJOR DELEGATIONS (US, CANADA, EC,
JAPAN, AUSTRALIA, AND ARGENTINA) HELD AN INFORMAL MEETING
AT DUNKEL'S REQUEST TO FURTHER EXPLORE POSSIBILITY OF
ARRIVING AT SOME MEASURE OF AGREEMENT ON BASIC ISSUES
PRIOR TO MARCH 23. DUNKEL'S HOPE IS THAT CONFERENCE CAN
CONCLUDE IN POSITIVE FASHION BY SHOWING SOME AGREEMENT

ON BASIC FRAMEWORK FOR AN AGREEMENT. HE WOULD THEN ESTABLISH A WORKING GROUP TO MEET LATER ON TO DRAFT LANGUAGE IN HOPE THAT CONFERENCE WOULD RECONVENE LATER IN THE YEAR POSSIBLY SEPTEMBER TO TRY AGAIN TO CONCLUDE AN AGREEMENT ON WHEAT AND FOOD AID CONVENTION AND, POSSIBLY, ON A CONSULTATIVE ARRANGEMENT FOR COARSE GRAINS.

2. MEETING OF SIX ON TUESDAY PM CONCENTRATED ON THE ISSUE OF OBLIGATIONS UNDER A WHEAT CONVENTION IN HIGH AND LOW PRICE SITUATIONS. UNDER PRESSURE FROM EXPORTERS, EC DREW A DISTINCTION BETWEEN THEIR PROPOSAL THAT MEMBER COUNTRIES UNDERTAKE COMMITMENTS TO "PROTECT" EXTREME LIMITS OF A PRICE RANGE AND PROPOSALS FOR RIGID PRICE GUARANTEES WHICH THEY SAID WAS NOT WHAT THEY WERE ASKING. EC AVOIDED GIVING MORE SPECIFIC ANSWERS TO EXPORTER QUESTIONS ON JUST HOW MUCH FLEXIBILITY EC COULD ENVISAGE. EC SAID THAT MEASURES TO DEFEND PRICE LIMITS WERE NEGOTIABLE IF EXPORTERS WERE WILLING TO ACCEPT A COMMITMENT BEYOND RESERVES TO ASSURE THAT PRICES ARE TO BE HELD WITHIN A CERTAIN RANGE. CANADA INDICATED IT WAS WILLING TO ACCEPT SOME FORM OF COMMITMENT TO ASSURE PRICE OBJECTIVES SO LONG AS THIS DID NOT MEAN AN OBLIGATION TO FIX PRICES. AUSTRALIA SAID IT COULD ACCEPT SOME LANGUAGE TO ACHIEVE PRICE OBJECTIVES IF PHRASED TO MEAN "SEEKING TO MAINTAIN" PRICE RANGE. US COMMENTED THAT STOCKING COMMITMENTS SHOULD BE PRINCIPAL MECHANISM TO MAINTAIN LIMITED OFFICIAL USE

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PRICE STABILITY AND THAT ACTIONS BEYOND RESERVES SHOULD BE UNDERTAKEN JOINTLY AND SHOULD EMPHASIZE PRODUCTION AND OTHER ADJUSTMENT MEASURES RATHER THAN SPECIFIED PRICE OBJECTIVES. DURING MEETING JAPAN REPEATED POSITION THAT OBTAINING SOME QUANTITATIVE SUPPLY ASSURANCE WAS THE ESSENTIAL REQUIREMENT FOR ITS PARTICIPATION IN A RESERVE STOCKING ARRANGEMENT.

3. AT CLOSE OF MEETING DUNKEL MADE STRONG APPEAL FOR EFFORT BY THE SIX DELEGATIONS TO FIND A COMPROMISE FORMULATION ON PRICE OBJECTIVES FOR WHEAT STABILIZATION AND FOR INDICATION OF WILLINGNESS TO IMPLEMENT NATIONAL MEASURES TO ACHIEVE PRICE OBJECTIVES. HE SAID INABILITY OF MAJOR DELEGATIONS TO FIND A WAY TO END CONFERENCE ON A POSITIVE NOTE WOULD PROVOKE SHARP REACTION FROM LDC'S WHO HAVE BEEN WAITING ON SIDELINES FOR MAJOR COUNTRIES, PARTICULARLY U.S. AND EC, TO RESOLVE DIFFERENCES. HE SAID LDC'S WOULD SEE THAT AS A REJECTION OF THEIR DEMANDS ON FOOD SECURITY AND EXPECTATIONS FOR AN IMPROVED FOOD AID CONVENTION AND WOULD PROVOKE NORTH-SOUTH CONFLICT THAT WOULD BE CARRIED OVER TO OTHER FORUMS. VANDEN HEUVEL

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